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12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14 **SAN FRANCISCO DIVISION**

15 KEYTRAK, INC.,

16 Plaintiff,

17 v.

18 KEY REGISTER, L.L.C., KEY
REGISTER SYSTEMS, INC., and KEY
19 MANAGEMENT, INC.,

20 Defendants.
21

Civil Action No.: C-03-00870 WHA

HEARING DATE AND TIME:
Thursday, February 26, 2004 at 8:00 a.m.

**PLAINTIFF'S MOTION TO EXCLUDE
EXPERT TESTIMONY OF DR. JAMES R.
ADAMS, NOTICE OF MOTION, AND
SUPPORTING MEMORANDUM OF
POINTS AND AUTHORITIES**

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1 NOTICE IS HEREBY GIVEN THAT, on Thursday, February 26, 2004 at 8:00
 2 a.m., KeyTrak, Inc. ("KeyTrak"), Plaintiff in the above-styled action, will move the
 3 Court for an order excluding proposed expert testimony from Dr. James R. Adams in its
 4 entirety.

5
 6 **I. STATEMENT OF ISSUE TO BE DECIDED**

7 Should the Court exclude in its entirety expert testimony proposed by Defendants,
 8 namely, proposed expert testimony from Dr. James R. Adams on the issues of
 9 obviousness and unenforceability, on the ground that such testimony does not comply
 10 with Rule 702 of the Federal Rules of Evidence?

11 **II. INTRODUCTION**

12 This is a patent infringement case, in which KeyTrak has asserted infringement by
 13 Defendants¹ of Claims 1, 2, 3, 6, 7, and 9 (collectively, "the Asserted Claims") of U.S.
 14 Patent No. 6,501,379 ("the '379 Patent"). The Court granted summary judgment of
 15 infringement and also dismissed Defendants' "best mode" invalidity defense.² The
 16 remaining affirmative defenses comprise invalidity due to obviousness under 35 U.S.C.
 17 § 103(a) and unenforceability due to inequitable conduct.³ In support of those two
 18 defenses, Defendants offer, *inter alia*, expert testimony from Dr. James R. Adams.

19 ¹ "Defendants" refers collectively to all three named defendants, *i.e.*, Key Register,
 20 L.L.C., Key Register Systems, Inc., and Key Management, Inc. The first two of these
 defendants are herein referred to collectively as "Key Register," the third as "KMI."

21 ² Dkt. No. 176, Order on KeyTrak's Motion for Partial Summary Judgment (10/09/03).

22 ³ See Dkt. No. 102, *Amended Answer and Counterclaim* of Key Register, at pp. 5-6, and
 23 Dkt. No. 125, *Amended Answer* of KMI, at pp. 4-5.

1 Dr. Adams cannot testify on the ultimate issue of obviousness, because that is a
2 question of law, and such testimony would invade the province of the Court. Nor should
3 the Court permit Dr. Adams to testify about the factual inquiries underlying an
4 obviousness determination, because his testimony as to those inquiries is incomplete,
5 indefinite, and is founded upon erroneous views of governing law and references subject
6 to exclusion. Consequently, such testimony is neither helpful to the jury nor reliable, in
7 violation of Rule 702 of the Federal Rules of Evidence.

8 The Court already expressed its awareness that the issue of unenforceability
9 (inequitable conduct) is a question of law; therefore, Dr. Adams cannot testify as to that
10 ultimate issue. Nor should Dr. Adams be allowed to testify about the underlying
11 analytical prongs of materiality or intent. Dr. Adams is not a patent law expert, he has no
12 grasp of the standard of materiality, and testimony concerning the existence of intent
13 would be conclusory and invasive of the province of the Court, which has already
14 indicated a desire to hear intent evidence out of the presence of the jury.

15 **III. CHRONOLOGY RELATING TO EXPERT DISCOVERY**

16 The *Case Management Scheduling Order* entered in this case required opening
17 expert reports to be served on November 28, 2003 [Dkt. No. 82 at ¶ 7]. However, the
18 Court granted in part a stipulation, extending that deadline to December 12, 2003,
19 extending the expert discovery cut-off date to January 9, 2004, and ordering the parties to
20 reach an agreement concerning deadlines for service of opposition and reply reports [Dkt.
21 No. 203, 11/21/03].
22
23
24

On December 12, 2003, Defendants served Dr. Adams' Initial Expert Report (hereinafter "the Adams Initial Report").⁴ Pursuant to agreed-upon deadlines, KeyTrak served the Opposition Report of Dr. James Harris (hereinafter "the Harris Report") on December 23, 2003, and Defendants served Dr. Adams' Reply Expert Report (hereinafter "the Adams Reply Report") on December 29, 2003, one day before the agreed-upon deadline for service of reply reports.⁵ On January 6, 2003, KeyTrak deposed Dr. Adams.

IV. GOVERNING EVIDENTIARY PRINCIPLES

"Whether proffered evidence should be admitted in a trial is a procedural issue not unique to patent law, and therefore we review the district court's decision whether to admit expert testimony under the law of the regional circuit, here the [Ninth] Circuit." *Micro Chem., Inc. v. Lextron, Inc.*, 317 F.3d 1387, 1390-91 (Fed. Cir. 2003).

"The trial court's 'special obligation' to determine the relevance and reliability of an expert's testimony is vital to ensure accurate and unbiased decision-making by the trier of fact." *Elsayed Mukhtar v. California State Univ., Hayward*, 299 F.3d 1053, 1063 (9th Cir. 2002) (quoting *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147 (1999)), *amended on other grounds*, 319 F.3d 1073 (9th Cir. 2003). As the Ninth Circuit interpreted the applicable rule:

⁴ See Exhibit C to accompanying *Affidavit of Michael A. Cicero in Support of Plaintiff's Motion to Exclude Expert Testimony of Dr. James R. Adams* (hereinafter "Cicero Aff."). As ¶ 5 of that Affidavit indicates, Exhibit C only includes, for brevity purposes, the text of the Adams Initial Report plus Attachments 1 and 2 to that Report.

⁵ *Id.* at ¶ 6 & Exhibit D.

1 Federal Rule of Evidence 702 allows admission of “scientific, technical, or
2 other specialized knowledge” by a qualified expert if it will “assist the trier of fact
3 to understand the evidence or to determine a fact in issue.” Expert testimony is
4 admissible pursuant to Rule 702 if it is both relevant⁷ and reliable.

5 ⁷ Encompassed in the determination of whether expert testimony is
6 relevant is whether it is helpful to the jury, which is the “central concern” of Rule
7 702.

8 *Elsayed Mukhtar*, 299 F.3d at 1063 & n.7 (citations omitted). Similarly, this Court holds:

9 To be admissible, expert testimony must be (1) based on sufficient facts
10 and data, (2) the product of reliable principles and methods, and (3) the result of
11 the application of those principles and methods reliably to the facts of the case.

12 *Reiffin v. Microsoft Corp.*, 270 F.Supp.2d 1132, 1144-45 (N.D. Cal. 2003) (citing FED. R.
13 EVID. 702, *Kumho*, and *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579 (1993)).

14 The Ninth Circuit requires district courts “to make *some* kind of reliability
15 determination to fulfill its gatekeeping function.” *Elsayed Mukhtar*, 299 F.3d at 1066
16 (italics in original). “A trial court not only has broad latitude in determining whether an
17 expert’s testimony is reliable, but also in deciding *how* to determine the testimony’s
18 reliability.” *Id.* at 1064 (citing *Kumho*, 526 U.S. at 152, and *United States v. Hankey*, 203
19 F.3d 1160, 1167 (9th Cir.), *cert. denied*, 530 U.S. 1268 (2000)). Thus, reliability need not
20 always be gauged by the *Daubert* factors, and those factors “simply are not applicable”
21 when “reliability depends heavily on the knowledge and experience of the expert, rather
22 than on the methodology or theory behind it.” *Hankey*, 203 F.3d at 1168 & 1169.

23 Mindful of the fact that juries can give more weight to experts’ testimony because
24 of “the aura of authority experts often exude,” the Ninth Circuit prohibits experts from
offering legal conclusions. *Elsayed Mukhtar*, 299 F.3d at 1063-64 & n.8. In that regard:

1 However, an expert witness cannot give an opinion as to her legal conclusion,
 2 i.e., an opinion on an ultimate issue of law. *E.g.*, *McHugh v. United Serv. Auto.*
 3 *Ass'n*, 164 F.3d 451, 454 (9th Cir. 1999); *United States v. Duncan*, 42 F.3d 97,
 4 101 (2d Cir. 1994) ("When an expert undertakes to tell the jury what result to
 5 reach, this does not *aid* the jury in making a decision, but rather attempts to
 6 substitute the expert's judgment for the jury's.") (emphasis in original).

7 *Id.*, 299 F.3d at 1065 n.10 (emphasis added; italics in original)].

8 V. ANALYSIS OF DR. ADAMS' TESTIMONY

9 A. The Court Should Exclude All Testimony Regarding Obviousness.

10 1. Testimony on the Ultimate Issue of Obviousness is Inappropriate.

11 a. Facts

12 According to his Initial Report, Dr. Adams was qualified as an expert witness on
 13 the subjects of "microelectronics hardware and software," electrical engineering,
 14 "hardware design," and memories.⁶ Defendants' counsel retained Dr. Adams "as an
 15 expert witness to provide an expert opinion on the validity of [the '379 Patent], assigned
 16 to KeyTrak, Inc. ('KeyTrak')."⁷

17 Dr. Adams believes that the ultimate question of obviousness is one of fact.⁸
 18 Dr. Adams begins his discussion of obviousness at Part V. of his Initial Report (pp. 7-12),
 19 skips a number of pages, then resumes his discussion concerning that topic at Part VII.D.
 20 (beginning at p. 26 of the report). Part V.A. of the report purports to recite legal
 21 principles concerning obviousness analysis under 35 U.S.C. § 103(a); however, there is

22 ⁶ Cicero Aff. Exh. C at p. 2, ll. 13-19; *see also id.* at Attachment 1 (*curriculum vitae*).

23 ⁷ *Id.* at p. 1, ll. 5-8.

24 ⁸ Cicero Aff. at ¶ 11 & Exhibit I, excerpts from Transcript of Dep. of Dr. James R.
 Harris (01/06/04), at 35:17-25.

no citation to legal authority, nor is there any indication that Dr. Adams was asked to assume the correctness of the stated legal propositions. Part V.A. also states:

In accordance with 35 U.S.C. Section 103(a), I have determined the scope and content of the prior art, ascertained the differences between the prior art and the claims at issue, and resolved the level of ordinary skill in the pertinent art. Against this background, I determined the obviousness or nonobviousness of each of the claims as a whole in the '379 Patent.⁹

In the Conclusion of the Adams Reply Report (Part V), Dr. Adams reiterates that he is giving opinion testimony on the ultimate issue of obviousness:

For the reasons set forth in my December 12, 2003 Report, my September 4 Affidavits, and in this Rebuttal Report, it is my opinion that each of the claims in KeyTrak's '379 Patent, as a whole, is rendered obvious based on the combination of material prior art I have referenced, and that the '379 Patent is invalid under 35 U.S.C. § 103(a).¹⁰

b. Argument

"It remains the province of the court to determine, whether in light of all the facts properly, if only implicitly, found by the jury, the claimed invention would have been obvious." *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1362 (Fed. Cir. 2001). Thus, Dr. Adams' testimony on that ultimate issue is improper under Ninth Circuit law.

2. Dr. Adams Improperly Attempts to Supplement His Initial Report with Exhibit 7 from His Reply Report, Which is Not Limited to the Rebuttal of the Harris Report.

a. Facts

As seen from the Adams Initial Report, no heading or subheading addresses "differences between the prior art and the claims at issue," a *Graham* factor in an

⁹ Cicero Aff. Exh. C at ll. 8-11.

¹⁰ *Id.* at p. 31, ll. 8-11.

1 obviousness determination.^{11,12} In his opposition report, Dr. Harris exposed a fundamental
 2 flaw in the Adams Initial Report, namely, its failure to assess the *Graham* factor of
 3 differences between the prior art and the asserted claims.

4 Dr. Adams responds to Dr. Harris' critique, quoted in block text *supra*, by
 5 presenting, for the first time, the tables appearing as Exhibit 7 to the Adams Reply
 6 Report, introducing them with the following paragraph:

7 My objective for the Claims Charts in my December 12 Report was to
 8 supplement the Examiner's analysis to include those references that were not
 9 before the Examiner to demonstrate how these additional references render even
 10 the new claims invalid. To clarify my December 12 Report, I have prepared a
 11 chart *similar to those which Dr. Harris prepared to analyze the 'technology gap'*;
 12 but I have included all claims and all prior art references individually to show
 13 how each reference individually teaches specific technical elements of the claim
 14 limitations. (See Exhibit 7). This chart demonstrates that for each claim
 15 limitation, one or more of the prior art references explicitly teaches the claim
 16 limitation, while the other references support the conclusion of obviousness,
 17 particularly when combined with other references. Therefore each of the asserted
 18 claims as a whole is rendered obvious in light of these prior art references.¹³

19 Even more recently, on the afternoon during the preparation of this Brief,
 20 Defendants' counsel transmitted a letter to KeyTrak's counsel, advising that Dr. Adams
 21 was unilaterally making "corrections" to Exhibit 7 to the Adams Reply Report. The letter
 22 acknowledges that the "corrections" were made subsequent to Dr. Adams' deposition.¹⁴

23 ¹¹ See generally Cicero Aff. Exh. C.

24 ¹² *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966).

¹³ Cicero Aff. ¶ 6 & Exhibit D, Adams Reply Report, at p. 13, l. 21 – p. 14, l. 8 (italics added) & Exhibit 7 thereto.

¹⁴ Cicero Aff. at ¶ 10 & Exhibit H, ltr. and attachment 01/22/04 from M. Glaser to K. Watkins.

1 **b. Argument**

2 January 9, 2004 marked the expert discovery cut-off in this litigation (*see* Part III,
3 *supra*), and Dr. Adams was not granted relief from that deadline. Alterations to reports
4 from exhibits are not permissible, regardless of counsel's characterization of the
5 alterations. The letter referenced at Note 10 illustrates the lengths to which Defendants
6 have gone and will likely continue to go, to get a "second bite at the apple," until curbed
7 by this Court's intervention.

8 Even more fundamentally, however, the Court should not allow introduction of
9 even the original Exhibit 7 to the Adams Reply Report in the first place. That exhibit,
10 and commentary from Dr. Adams concerning it, is not limited to matters raised in the
11 Harris Report and hence is impermissible under this Court's *Case Management*

12 *Scheduling Order*:

13 Within **seven calendar days** thereafter, the opening parties may disclose any
14 reply reports *limited solely to rebutting specific material in opposition reports.*
15 *Reply reports must be limited to true rebuttal* and should be very brief." [Dkt.
16 No. 82 at ¶ 7 (boldface in original; underline and italics added)].

17 Dr. Adams' attempt to add Exhibit 7 concedes that his initial report is defective for not
18 having addressed the "differences between the prior art and the claimed invention"
19 *Graham* factor. Upon appropriate exclusion of Exhibit 7 and its corresponding report
20 text, the Court should regard Dr. Adams' analysis as incomplete and unreliable.
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1 **3. Dr. Adams Fails to Provide Motivations for All Asserted Prior Art**
 2 **Combinations, in Violation of the Court's Patent Local Rules.**

3 **a. Facts**

4 On May 14, 2003, Key Register served its *Preliminary Invalidity Contentions*
 5 [Dkt. No. 93]. On September 24, 2003, Key Register served its *Final Invalidity*
 6 *Contentions* [Dkt. No. 172].¹⁵ Those contentions cite the following prior art references:

- 7 1. "50 Ways to Touch Memory," published by Dallas Semiconductor
 8 Co. (hereinafter "**50 Ways**");
- 9 2. International Patent Publication No. WO 95/04324 (hereinafter
 10 "**Morse Watchmans**");
- 11 3. International Patent Publication No. WO 97/09687 (hereinafter
 12 "**Maloney '687'**"); and
- 13 4. Dallas Semiconductor DS2407 Data Sheet (hereinafter "**the Data**
 14 **Sheet**").¹⁶

15 Key Register's *Final Invalidity Contentions* recite a motivation to combine with
 16 respect to only two combinations of the foregoing prior art references: (1) 50 Ways +
 17 Morse Watchmans;¹⁷ and (2) 50 Ways + the Data Sheet.¹⁸ Regarding combinability of

18 ¹⁵ Cicero Aff. at ¶ 3 & Exhibit A, *Final Invalidity Contentions*.

19 ¹⁶ Although page 2 of the *Final Invalidity Contentions* also cited a patent to Banks and a
 20 "MicroLAN Design Guide," neither of those references is applied in "Appendix A" or in
 21 "Appendix B" to the contentions. See Cicero Aff. Exh. A.

22 ¹⁷ *Id.* at Appendix A, page 1 (quoting examiner's combination of 50 Ways and Morse
 23 Watchmans with respect to claims withdrawn from prosecution). KeyTrak does not
 24 concede that the examiner's actions comprise a proper authority for motivation to
 combine, but acknowledges only that Key Register purports to recite a motivation for that
 prior art combination. See also *id.* at Appendix B, pp. 2-3 (contending explicit teaching
 of combination), but also see Cicero Aff. Exh. I at 205:10 – 207:25 (acknowledging
 nothing explicit in either reference to combine one with the other). KeyTrak advises the
 Court that Dr. Harris has not yet read and signed the transcript of his deposition.

1 cited references, Dr. Adams acknowledged that there is no express teaching in the prior
 2 art to make the following prior art combinations:

- 3 • 50 Ways + Morse Watchmans [Cicero Aff. Exh. I at 205:10 – 207:25];
- 4 • 50 Ways + Maloney '687 [*Id.* at 208:1 – 209:20];
- 5 • Maloney '687 + Morse Watchmans [*Id.* at 209:21 – 211:3];
- 6 • Morse Watchmans + Note 104 [*Id.* at 211:4 – 212:2];
- 7 • Note 104 + Maloney '687 [*Id.* at 212:3-16];
- 8 • Note 106 + Morse Watchmans [*Id.* at 212:17-23]; and
- 9 • Note 106 + Maloney '687 [*Id.* at 212:24 – 213:4]

10 **b. Argument**

11 “If a combination of items of prior art makes a claim obvious, *each* such
 12 combination, and the motivation to combine such items, must be identified.” Patent L.R.
 13 3-3(b) (emphasis added). Defendants are not in compliance with that rule. Dr. Adams’
 14 reports cite six total references against KeyTrak’s patent, and KeyTrak has an inkling on
 15 how Defendants will make their obviousness case only with respect to the two prior art
 16 combinations set forth in the *Final Invalidity Contentions*, repeated in the Adams Initial
 17 Report. Thus, the Adams Initial Report suffers from the same flaws as do the
 18 Contentions, *i.e.*, the failure to provide a motivation to combine with respect to each prior
 19 art combination, as required by Patent L.R. 3-3(b).

20 Dr. Adams should be precluded from testifying about any prior art combination
 21 that has not been supported with a motivation in the Adams Initial Report. Testimony

22 ¹⁸ Cicero Aff. Exh. A at Appendix B, pp. 1, 4, & 5-6.

1 about any other combinations would be prejudicial because KeyTrak still does not know
 2 how Key Register or Dr. Adams will attempt to justify those combinations at trial.
 3 Unless the Court acts to exclude Dr. Adams' testimony on un-linked combinations,
 4 Defendants will have a license to engage in trial by ambush.

5 **4. Dr. Adams' Analysis Relies Upon Two Prior Art References That are**
 6 **Subject to Exclusion for Not Having Been Disclosed in Key Register's**
 7 **Invalidity Contentions.**

8 On October 13, 2003, Defendants' counsel transmitted copies of two additional
 9 documents contended to be "material prior art," namely, Dallas Semiconductor
 10 Application Note 104 ("Note 104"), and Dallas Semiconductor Application Note 106
 11 ("Note 106").¹⁹ Defendants have not amended their *Final Invalidity Contentions* to
 12 include those references, nor have they yet sought leave of court to do so. Nor have
 13 Defendants yet indicated their intentions on whether they will do so.²⁰

14 In the Adams Initial Report, Dr. Adams presents claim charts that are virtually
 15 identical to those appearing in Appendix A to the *Final Invalidity Contentions*, except
 16 including, for the first time in this litigation, Note 104 and Note 106.²¹ Moreover, Part
 17 VIII.H. of the report is virtually identical to Appendix B to the contentions, except
 18 including additional text directed to Notes 104 and 106, and except for certain formal
 19 rewording (such as shortening "50 Ways to Touch Memory" to "50 Ways").²²

20 ¹⁹ Cicero Aff. at ¶ 4 & Exhibit B, copy of 10/13/03 ltr. from M. Glaser to M. Cicero.

21 ²⁰ Cicero Aff. Exh. I at 25:2 – 26:10.

22 ²¹ Cicero Aff. Exh. C at Attachment 2 and Cicero Aff. ¶ 9 & Exhibit G (comparisons).

23 ²² Compare Cicero Aff. Exh. A, App. B, to Cicero Aff. Exh. C at pp. 34-41.

1 With specific regard to Notes 104 and 106, Dr. Adams stated: "It requires all of
2 the references to invalidate the claims as obvious for all of the claim limitations."²³

3 **b. Argument**

4 The Adams Initial Report repeatedly cites Notes 104 and 106 in his obviousness
5 analysis, and Dr. Adams testified that those references were needed to make a case for
6 obviousness. Also, as shown *supra*, Key Register did not cite either of those references
7 in its Invalidity Contentions, and has yet to definitively indicate whether it will seek to
8 amend those contentions. The Patent Local Rules require Defendants to identify "each
9 item of prior art that allegedly anticipates each asserted claim or renders it obvious," and
10 to prepare a claim chart showing where each claim limitation is found in a cited prior art
11 reference. Patent L.R. 3-3(a), (c). Key Register can no longer amend its invalidity
12 contentions without leave of Court upon a showing of good cause. Patent L.R. 3-7. This
13 Court holds:

14 The patent local rules were adopted by this district in order to give claim charts
15 more "bite." The rules are designed to require parties to crystallize their theories
16 of the case early in the litigation and to adhere to those theories once they have
17 been disclosed.... *Unlike the liberal policy for amending pleadings, the philosophy behind amending claim charts is decidedly conservative*, and
18 designed to prevent the "shifting sands" approach to claim construction.

17 *Atmel Corp. v. Information Storage Devices, Inc.*, 1998 WL 775115 at *2 (N.D. Cal.
18 1998) (emphasis added). The first time KeyTrak was presented with an obviousness
19 analysis involving Notes 104 and 106 was when its counsel saw the Adams Initial
20 Report. The Local Rules do not countenance such belated disclosure. Therefore, at the

21
22 ²³ Cicero Aff. Exh. I at 20:6-12.

1 very least, all testimony directed to Notes 104 and 106 should be disallowed.
 2 Additionally, since Dr. Adams viewed Notes 104 and 106 as necessary to assemble an
 3 invalidating combination of references, the Court should view the absence of those
 4 references as resulting in an incomplete and unreliable opinion.

5 **5. Dr. Adams Cannot Testify About Secondary Considerations,**
 6 **Rendering Unreliable any Testimony About the Ultimate Issue**
of Obviousness.

7 **a. Facts**

8 In Part VII.F. of his Initial Report, Dr. Adams states:

9 Taking secondary considerations into account is a necessary step when
 10 considering the issue of obviousness of a patent. Even though such evidence is
 11 not required for initial patentability, it is necessary to explicitly consider these
 factors when looking at invalidity due to obviousness, and *the absence of these*
*factors reinforces the conclusion that the patent is obvious.*²⁴

12 Further reflecting Dr. Adams' views upon legal principles governing secondary
 13 considerations, Dr. Adams testified as follows:

- 14 • "My understanding is that depending on the secondary considerations, at –
 15 at best they are neutral. At worst they can be evidence of obviousness."
 [Cicero Aff. Exh. I at 60:11-18].
- 16 • Dr. Adams recognized that the term "objective evidence of non-
 17 obviousness" was a synonym for "secondary considerations" [*Id.* at 66:17-
 23]; however, he then characterized "secondary considerations" as
subjective evidence [*Id.* at 72:19 – 73:6].
- 18 • Dr. Adams views the secondary considerations as being entitled to less
 19 weight than other *Graham* obviousness factors [*Id.* at 72:4-18]. "I don't
 20 believe they are considered to be of the same weight." [*Id.* at 73:21-22].

21 _____
 22 ²⁴ Cicero Aff. Exh. C at p. 32, ll. 7-10 (italics added); *but see Custom Accessories, Inc. v.*
 23 *Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 960 (Fed. Cir. 1986) ("[T]he absence of
 24 objective evidence 'is a neutral factor.'") (citation omitted).

- Dr. Adams deems the presence of “substantially similar” products on the market or of “a lot of technical references” to be a secondary consideration [*Id.* at 62:22 – 63:7].

Dr. Adams did not do any legal research to find cases to determine whether the law recognizes any secondary considerations other than commercial success, unsuccessful attempts by others, or unexpected results [*Id.* at 66:17 – 71:7].

Dr. Adams repeatedly indicated he needed more time to consider the particular secondary considerations discussed in the Harris Report. Testimony specific to each such consideration follows.

Attempts to patent the invention by the accused infringer: Dr. Adams was not aware that an attempt by an infringer to obtain a patent on essentially the same invention as that claimed in the patent-in-suit operated as a secondary consideration.²⁵ Thus, he did not review Key Register’s published patent application, which discloses and claims the Key Register System.²⁶ Nor did Dr. Adams interview the inventors named in that application, discuss the application with Key Register’s president, or discuss it with Key Register’s counsel prior to preparation of the Adams Initial Report.²⁷ Dr. Adams disavowed any need to review Key Register’s application before reaching his ultimate opinion and conclusion.²⁸ Consequently, Dr. Adams could not answer the question of why apparent good faith by the inventors named in that application should not operate as

²⁵ Cicero Aff. Exh. I at 92:6 – 93:9.

²⁶ *Id.* at 36:16-20; *see also id.* at 75:5-18.

²⁷ *Id.* at 36:21 - 37:21.

²⁸ *Id.* at 44:11-21.

1 a secondary consideration.²⁹ Despite acknowledging that the Harris Report discussed this
 2 secondary consideration, Dr. Adams professed a need to think about the issue before
 3 answering the foregoing question.³⁰

4 **Advertisements of the accused infringer touting advantages of patented**
 5 **invention:** Dr. Adams was not aware that courts consider this to be a secondary
 6 consideration.³¹ Dr. Adams was aware of the content of Key Register's Internet web site,
 7 which recites the slogan "SEE THE LIGHT," depicts of a Key Register System
 8 "CommKey," and recites the caption "CommKey has bright LED for Key Identification
 9 and Selection."³² Yet Dr. Adams acknowledges he made no mention of Key Register's
 10 web site in his report,³³ nor did he rely on anything in the web site in the formulation of
 11 his opinion.³⁴ Dr. Adams did not review any Key Register promotional material other
 12 than the web site,³⁵ reasoning that it was not necessary for him to rely upon it.³⁶
 13 However, Dr. Adams testified that if it turns out that advertising or promoting features of
 14 an accused product that are included within the claimed invention of the patent-in-suit is

15 _____
 16 ²⁹ Cicero Aff. Exh. I at 89:7-17.

17 ³⁰ *Id.* at 90:4 – 91:4.

18 ³¹ *Id.* at 97:2-9.

19 ³² *Id.* at 94:6 – 95:18.

20 ³³ *Id.* at 97:20 – 98:6.

21 ³⁴ *Id.* at 41:8-20.

22 ³⁵ *Id.* at 40:9-16.

23 ³⁶ *Id.* at 43:15-18.

1 a valid secondary consideration, then he would want to think about his initial opinion and
2 reconsider it.³⁷

3 **Commercial success of the infringing device:** Dr. Adams did not understand
4 that this could function as a secondary consideration.³⁸ He had learned from Key
5 Register personnel that “Key Register’s product was receiving good acceptance in the
6 market.”³⁹ He did not, however, have any opinion as to why Key Register was
7 experiencing commercial success.⁴⁰ Dr. Adams testified that he wanted an opportunity to
8 reconsider his opinion in light of the prospect that the commercial success of the Key
9 Register System may be a secondary consideration for nonobviousness.⁴¹

10 **b. Argument**

11 From the case law cited in the assumptions section of the Harris Report, it is
12 abundantly clear that Dr. Adams’ various views on the law of secondary considerations
13 are erroneous. Furthermore, since Dr. Adams professed a need to reconsider his opinion
14 with respect to each of the three secondary considerations discussed in the Harris Report,
15 Dr. Adams’ opinion on that subject is incomplete. Since secondary considerations
16 comprise one of the *Graham* factors, this necessarily renders any testimony on the

17 ³⁷ Cicero Aff. Exh. I at 98:14-22.

18 ³⁸ *Id.* at 106:1-9 & 107:3-8.

19 ³⁹ *Id.* at 38:2-11 & 39:11-17. *See also id.* at 78:9-14 (answering “okay” to question: “And
20 do you understand that the disclosure in here covers a commercial product which Key
Register concedes has experienced commercial success in the marketplace?”).

21 ⁴⁰ *Id.* at 38:18-23 & 39:18 – 40:2.

22 ⁴¹ *Id.* at 107:12 – 108:10.

ultimate issue of obviousness likewise incomplete. These errors and incomplete areas render any testimony by Dr. Adams on these subjects patently unreliable.

B. The Court Should Exclude All Testimony Regarding Unenforceability.

1. Dr. Adams Cannot Testify on the Ultimate Issue of Unenforceability, Which is a Question of Law.

a. Facts

The Adams Initial Report discusses unenforceability at Parts VI.A. and VII. (pp. 12-26). Dr. Adams renders an opinion on the ultimate issue of unenforceability, as well as on the subsidiary issues of materiality and intent.⁴² Similarly, Dr. Adams concludes: "[T]he finder of fact in this case can infer from the facts the KeyTrak intentionally failed to disclose to the PTO [Maloney '687] and the DS2407 Data Sheet."⁴³ There is no discussion in the Adams Initial Report of any legal standards governing determinations of inequitable conduct, including the standard of materiality. Nor is there any indication from the Report that Dr. Adams is a patent law expert.

Dr. Adams concludes by opining on the ultimate issue of unenforceability:

It is my further opinion that KeyTrak and its agents have engaged in inequitable conduct by withholding the material prior art from the USPTO in connection with the '379 Patent which I have identified in my December 12 Report and which if disclosed, would have rendered each of the claims in the '379 Patent as a whole, obvious.⁴⁴

⁴² Cicero Aff. Exh. A at p. 12, ll. 15-19.

⁴³ *Id.* at p. 44, ll. 5-8. The Data Sheet is not mentioned in Defendants' pleadings.

⁴⁴ *Id.* at p. 31, ll. 11-15.

1 **b. Argument**

2 “The defense of inequitable conduct is entirely equitable in nature, and thus not an
3 issue for a jury to decide.” *PerSeptive Biosys., Inc. v. Pharmacia Biotech, Inc.*, 225 F.3d
4 1315, 1319 (Fed. Cir. 2000). Thus, under Ninth Circuit law, Dr. Adams cannot be
5 allowed to testify on the ultimate issue of inequitable conduct. *See Revlon Consumer*
6 *Prods. Corp. v. L’oreal S.A.*, 1997 WL 158281 at *3 (D. Del. 1997) (“Mr. Witherspoon
7 may not testify as to substantive issues of patent law, including inequitable conduct.”).

8 **2. Dr. Adams is Not Qualified to Testify on Inequitable Conduct Issues.**

9 **a. Facts**

10 Dr. Adams indicated that he testified in three prior federal cases, two of which
11 were patent cases. Only once has Dr. Adams previously testified concerning patent
12 validity.⁴⁵ Dr. Adams did not attend law school, did not take the Patent Bar Exam, and
13 never took a patent bar exam review course.⁴⁶ Dr. Adams does not consider himself to be
14 qualified by way of formal education to render an opinion on matters of law, specifically
15 patent law, nor does he consider himself otherwise competent to render an opinion on
16 matters of patent law.⁴⁷

17 Regarding matters of patent examination procedure, Dr. Adams admits that he is
18 “not thoroughly schooled in how a patent examiner goes about examining and allowing a
19

20 ⁴⁵ Cicero Aff. Exh. I at 27:7 – 30:1.

21 ⁴⁶ *Id.* at 30:2 – 31:19.

22 ⁴⁷ *Id.* at 31:20-24 & 32:11-15.

23

24

1 patent to issue.”⁴⁸ Nor has Dr. Adams ever had a conversation with a patent examiner to
 2 find out what the standard procedure is and how examiners go about reviewing an
 3 application.⁴⁹ As Dr. Adams stated: “I’ve never worked in that area, and I reply upon,
 4 you know, patent attorneys for better guidance there.”⁵⁰

5 **b. Argument**

6 As demonstrably clear from the foregoing facts, Dr. Adams is not a patent law
 7 expert, nor is he an expert concerning patent examination procedures. For this reason
 8 alone, Dr. Adams should be barred from telling the jury whether the threshold levels of
 9 materiality and intent have been established. Independent additional reasons counsel for
 10 exclusion of testimony on each of those subjects, as detailed *infra*.

11 **3. Dr. Adams Does Not Know the Standard of Materiality.**

12 **a. Facts**

13 Dr. Adams testified that the term “material” means “relevant and related,”⁵¹ or
 14 “highly relevant,”⁵² “or particular interest to this particular case.”⁵³ Dr. Adams could not
 15
 16
 17

18 ⁴⁸ Cicero Aff. Exh. I at 133:10-14.

19 ⁴⁹ *Id.* at 134:1-5.

20 ⁵⁰ *Id.* at 50:16-21.

21 ⁵¹ *Id.* at 53:11-21.

22 ⁵² *Id.* at 53:22 – 54:4.

23 ⁵³ *Id.* at 55:2-4.

1 specify either a document or a statement of law supporting that definition, referring
 2 instead only to his "understanding based upon previous experience."⁵⁴

3 **b. Argument**

4 Dr. Adams' definitions of "material" (Part III.D.3, *supra*) are all incorrect as a
 5 matter of law. In assessing materiality, the Federal Circuit acknowledged: "Thus, we
 6 have not decided whether the standard for materiality in inequitable conduct cases is
 7 governed by equitable principles or by the Patent Office's rules." *Dayco Prods., Inc. v.*
 8 *Total Containment, Inc.*, 329 F.3d 1358, 1364 (Fed. Cir. 2003). If the latter, the
 9 applicable rule provides, in pertinent part:

10 (b) Under this section, information is material to patentability when it is ***not***
 11 ***cumulative to information already of record*** or being made of record in the
 application, and

12 (1) It establishes, by itself or in combination with other information, a
 prima facie case of unpatentability of a claim; or

13 (2) It refutes, or is inconsistent with, a position the applicant takes in:

- 14 (i) Opposing an argument of unpatentability relied on by the Office, or
- 15 (ii) Asserting an argument of patentability.

16 37 C.F.R. § 1.56(b) (1998) (emphasis added). The Federal Circuit also acknowledged a
 17 "reasonable examiner" standard, *i.e.*, "'a reasonable examiner would have considered
 18 such prior art important in deciding whether to allow the parent application.'" *Dayco*,
 19 329 F.3d at 1363 (citations omitted). Unfamiliar as he is with PTO examiners'
 20 procedures for reasons stated above, Dr. Adams cannot possibly opine what a "reasonable
 21 examiner" would consider important. Thus, not only has Dr. Adams incorrectly defined
 22 "material," he also is not qualified to testify on the subject even were he to have

23 ⁵⁴ Cicero Aff. Exh. I at 54:5-9

1 recognized the proper standards. Testimony on materiality should thus not be allowed:

2 “We encourage exercise of the trial court's gatekeeper authority when parties proffer,
3 through purported experts, not only unproven science, but markedly incorrect law.”

4 *Hebert v. Lisle Corp.*, 99 F.3d 1109, 1117 (Fed. Cir. 1996).

5 **4. Dr. Adams' Testimony on Materiality is Incomplete.**

6 **a. Facts**

7 Under cover letter to Defendants' counsel dated December 8, 2003, which
8 Defendants' received on December 9, 2003 at 10:18 a.m, KeyTrak's counsel updated
9 KeyTrak's document production regarding a continuing patent application.⁵⁵ These
10 documents included an *Interview Summary* in which the Examiner concluded that
11 Maloney '687 and the Data Sheet were cumulative over the art of record as against the
12 pending claims.⁵⁶

13 Turning to the impact of the Examiner's cumulativeness conclusion in KeyTrak's
14 continuing application, Dr. Adams does not compare the amended claims in that
15 application with the claims in the '379 Patent. Instead, for reasons not explained, he
16 compares the amended claims in the continuing application with earlier-published claims
17 in that same application.⁵⁷ Dr. Adams then claims an inability to fully assess the issue
18 because of a purported nonproduction by KeyTrak of the complete file history of the

19 _____
20 ⁵⁵ Cicero Aff. at ¶ 7 & Exhibit E, ltr. 12/08/03 from M. Cicero to M. Murphy, including
printout of Federal Express® confirmation.

21 ⁵⁶ Cicero Aff. at ¶ 11 & Exh. I at Exhibit 12 to deposition.

22 ⁵⁷ Cicero Aff. Exh. D at p. 29, ll. 10-13.

1 continuing application. Specifically, Dr. Adams states that he “cannot determine the
 2 reasons that the Examiner rejected the original claims,” thus implying that KeyTrak did
 3 not produce the office action setting forth that rejection.⁵⁸ However, KeyTrak produced a
 4 copy of that Office Action in August 2003 as Documents Nos. KT-C-0006867-82.⁵⁹
 5 Finally, the Adams Reply Report states that the Examiner’s cumulativeness
 6 determination is somehow undermined because he did not consider Notes 104 and 106.⁶⁰

7 In his deposition, Dr. Adams acknowledged that the *Interview Summary* of
 8 KeyTrak’s continuation patent application shows that the Examiner concluded that
 9 Maloney ‘687 (the reference upon which Defendants base their unenforceability case)
 10 and the Data Sheet are cumulative prior art with respect to the pending claims.⁶¹ He also
 11 acknowledged that the significance of Exhibit 12 to his deposition was discussed in the
 12 Harris Report, but he stated that he was not “able to fully consider all of the issues” raised
 13 by that exhibit.⁶² At one point, Dr. Adams testified that although he could be asked to
 14 conduct additional analysis, he felt such additional analysis would not change his
 15
 16
 17

18 ⁵⁸ Cicero Aff. Exh. D at p. 30, ll. 1-6 & Exhibit 3 thereto.

19 ⁵⁹ Cicero Aff. at ¶ 8 & Exhibit F (copy of Office Action rejecting Claim 1).

20 ⁶⁰ Cicero Aff. Exh. D at p. 30, l. 7 – p. 31, l. 6.

21 ⁶¹ Cicero Aff. Exh. I at 217:16 – 218:14 & Exhibit 12 thereto.

22 ⁶² *Id.* at 224:8 – 225:1.

1 conclusion because "the file date and issue date are significant."⁶³ Later, however, Dr.
 2 Adams testified as follows:

3 **Q: (By Mr. Capp) So, in other words, you are willing to reconsider**
 4 **your opinion and conclusion in light of what's transpired in the continuation**
application, correct?

5 MR. GLASER: Objection to the form of the question.
 6 You may answer.

7 **A: Yes.**

8 **Q: (By Mr. Capp) So in that sense the opinion and conclusion in your**
 9 **initial expert report is not your final opinion and conclusion on this matter, is**
it, Dr. Adams?

10 MR. GLASER: Objection to the form of the question.

11 **A: To the extent that I may reconsider in light of these new**
documents, I may file a supplemental report.⁶⁴

12 **b. Argument**

13 As shown *supra*, when confronted with Exhibit 12 to his deposition, which
 14 included the *Interview Summary* evidencing the examiner's conclusion as to
 15 cumulativeness, Dr. Adams indicated that he was willing to reconsider his conclusion as
 16 to the materiality of Maloney '687. KeyTrak and the Court are uninformed as to Dr.
 17 Adams' intentions, so his opinion on materiality is incomplete and hence unreliable.
 18 Furthermore, no supplementation is permitted under the Court's *Case Management*
 19 *Scheduling Order*, which provides:

20
 21 ⁶³ Cicero Aff. Exh. I at 222:4-14; *see also id.* at 225:2-8 ("At this point I do not believe I
 22 would change my opinion based on the information that I have at this point.").

23 ⁶⁴ *Id.* at 226:12 – 227:3.

At trial, the direct testimony of experts will be limited to the matters disclosed in their reports. Omitted material may not ordinarily be added on direct examination. This means the reports must be *complete* and sufficiently detailed.

[Dkt. No. 82 at ¶ 9]. Dr. Adams' testimony concerning materiality is therefore incomplete and in violation of an Order of this Court. The Court should therefore exclude that testimony.

5. Dr. Adams' Testimony on Intent Will Not Help the Jury, Since the Jury Will Not Likely Hear Evidence of Intent.

In its Order of December 17, 2003, this Court stated: "The only issue that might deserve a separate trial (while the jury is deliberating) is any evidence relating to an intent to deceive the examiner." [Dkt. No. 209]. The Court also indicated: "The final extent of any bifurcation will be decided at the final pretrial conference." [*Id.* at p.2]. If the Court adheres to its plan to try the intent issue separately out of the jury's presence, then it follows that the Court should preclude Dr. Adams from testifying on the intent issue, since that would be of no help to the jury.

Respectfully submitted, this the 22nd day of January, 2004.

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